



---

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

**FORM 8-K**

**CURRENT REPORT PURSUANT  
TO SECTION 13 OR 15(D) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

Date of report (Date of earliest event reported) May 8, 2007

---

**Martin Marietta Materials, Inc.**

(Exact Name of Registrant as Specified in Its Charter)

---

**North Carolina**

(State or Other Jurisdiction of Incorporation)

---

**1-12744**

(Commission File Number)

**56-1848578**

(IRS Employer Identification No.)

---

**2710 Wycliff Road, Raleigh, North Carolina**

(Address of Principal Executive Offices)

**27607**

(Zip Code)

---

**(919) 781-4550**

(Registrant's Telephone Number, Including Area Code)

---

**Not Applicable**

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
- 
-

**Item 2.02 Results of Operations and Financial Condition.**

On May 8, 2007, the Corporation announced financial results for the first quarter ended March 31, 2007. The press release, dated May 8, 2007, is furnished as Exhibit 99.1 to this report and is incorporated by reference herein.

**Item 7.01 Regulation FD Disclosure.**

On May 8, 2007, the Corporation announced financial results for the first quarter ended March 31, 2007. The press release, dated May 8, 2007, is furnished as Exhibit 99.1 to this report and is incorporated by reference herein. Additional information about the quarter, and the Corporation's use of non-GAAP financial measures, which is available on the Corporation's Web site at [www.martinmarietta.com](http://www.martinmarietta.com) by clicking the heading "Financials", in the "Investors" section and then clicking the quick link "Non-GAAP Financial Measures", is furnished as Exhibit 99.2 to this report and is incorporated by reference herein.

The Corporation will host an online Web simulcast of its first-quarter 2007 earnings conference call on Tuesday, May 8, 2007. The live broadcast of the Corporation's conference call will begin at 2 p.m., Eastern Time, on May 8, 2007. An online replay will be available approximately two hours following the conclusion of the live broadcast. A link to these events will be available at the Corporation's Web site at [www.martinmarietta.com](http://www.martinmarietta.com). For those investors without online web access, the conference call may also be accessed by calling 913-981-5522, confirmation number 8802467. Additional information about the Corporation's use of non-GAAP financial measures, as well as certain other financial or statistical information the Corporation may present at the conference call, will be provided on the Corporation's Web site.

**Item 9.01 Financial Statements and Exhibits.**

(c) Exhibits

99.1 Press Release dated May 8, 2007, announcing financial results for the first quarter ended March 31, 2007.

99.2 Additional information about Non-GAAP Financial Measures available on the Corporation's Web site.

---

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MARTIN MARIETTA MATERIALS, INC.  
(Registrant)

Date: May 8, 2007

By: \_\_\_\_\_ /s/ Anne H. Lloyd  
Anne H. Lloyd,  
Senior Vice President and Chief Financial Officer

---

## EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release dated May 8, 2007, announcing financial results for the first quarter ended March 31, 2007.
99.2	Additional information about Non-GAAP Financial Measures available on the Corporation's Web site.

# Martin Marietta Materials



FOR IMMEDIATE RELEASE

Contact: *Anne H. Lloyd*  
*Senior Vice President, Chief Financial*  
*Officer, and Treasurer*  
*(919) 783-4660*  
*www.martinmarietta.com*

**MARTIN MARIETTA MATERIALS, INC.**  
**ANNOUNCES RECORD FIRST-QUARTER EARNINGS OF \$0.73 PER SHARE**

**PRICING IMPROVEMENTS LEAD TO IMPROVED MARGINS AND EARNINGS**

RALEIGH, North Carolina (May 8, 2007) — Martin Marietta Materials, Inc. (NYSE:MLM), today announced financial results for the first quarter ended March 31, 2007, including record net earnings and earnings per share. Notable items were:

- Earnings per diluted share of \$0.73 compared with \$0.66 in the prior-year quarter
- Net sales of \$414 million, down 2% compared with the prior-year quarter
- Heritage aggregates pricing up 15% and volume down 15%
- Heritage aggregates product line gross margin up 310 basis points
- Repurchased 2,335,000 shares of common stock (over 5% of outstanding common shares) for \$302 million at an average cost of \$129.33 per share

**MANAGEMENT COMMENTARY**

Stephen P. Zelnak, Jr., Chairman and CEO of Martin Marietta Materials, stated, “Excellent first-quarter operating performance drove record operating results in spite of declining sales. Heritage Aggregates product line pricing increased 15.4%, while volume declined 14.6%, leading to a 2% decline in first-quarter sales. However, outstanding production cost management, coupled with lower transportation costs, increased operating leverage and had a favorable impact on results. Consolidated operating margin for all products increased 170 basis points over the prior-year quarter with heritage aggregates product line gross margin increasing 310 basis points.

“Aggregates pricing was better than expected due to favorable product and geographic mix. Severe winter weather conditions, particularly in the West Group and in the Indiana and Ohio areas, led to weaker-than-expected volumes and skewed sales volume toward the Southeastern and Carolinas markets, leading to the favorable geographic mix. In addition to the weather effect on volume, aggregates demand from residential construction was down significantly, as expected.

“Aggregates quarry-level production costs decreased during the quarter. The primary driver of cost reduction was the control of labor during the quarter, particularly in those areas hardest hit by severe winter weather. Total paid man hours declined nearly 15%, while productivity, as measured by tons per paid man hour, increased 3.5% compared with the prior-year quarter. The operations management team is to be commended for executing a solid cost control plan during the quarter.

-MORE-

---

“Selling, general and administrative expenses increased \$2.1 million versus the 2006 first quarter. The growth in expense resulted primarily from \$1.6 million in increased performance-based incentive compensation costs that reward management based on the excess of return on invested capital compared with the weighted average cost of capital. The remaining SG&A expense was up 1.4% over the prior year.

“The effective income tax rate for continuing operations increased to 33.8% for the quarter compared with 31.7% in the prior-year quarter. The increase in the effective tax rate resulted from the discrete tax impact of stock option exercises during the quarter, deemed dividends on certain foreign source income, and the adoption of Financial Accounting Standard Board Interpretation No. 48, *Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No. 109* (“FIN 48”). FIN 48 requires that management evaluate its tax positions for all open tax years to determine if the position is more likely than not to be sustained upon examination by taxing authorities having full knowledge of all relevant information. The effective income tax rate increased 90 basis points during the quarter as a result of the evaluation of our tax positions in accordance with FIN 48. The initial adoption of FIN 48 increased the reserve for uncertain tax positions and reduced retained earnings by \$1.4 million, primarily as a result of providing interest accruals on uncertain tax positions related to temporary or timing differences.

#### **CAPITAL STRUCTURE**

“As indicated in our earnings release on February 8, 2007, management and the Board of Directors continue to evaluate the capital structure of the business in light of a fundamental shift in the supply/demand dynamics of aggregates in the United States. This has been an appropriate time for this review since, in our evaluation, the 2006 and first-quarter 2007 results, further establish a new foundation for the performance of the Aggregates business through the construction cycle with the impact of pricing outweighing the impact of volume through the last four quarters of volume declines. Given the expectation of continued supply/demand imbalance in certain geographic areas, modest economic growth and inflationary cost increases, we believe that our balance sheet can support additional leverage. Accordingly, the management team and the Board of Directors have established a leverage target of 2.0 to 2.5 times consolidated earnings before interest, taxes, depreciation, depletion and amortization (EBITDA). We believe this leverage target is prudent and provides financial flexibility for value creation through strong operational performance, continued investment in internal growth opportunities, support of value-added business development opportunities and a return of cash to shareholders through sustainable dividends and share repurchase programs, while maintaining our solid investment grade credit rating.

“During the quarter, we repurchased 2.335 million shares, or over 5% of common shares outstanding, for \$302 million, in executing against this target. The share repurchases were initially financed using our existing commercial paper program and other short-term loans. The initial borrowings were refinanced with \$225 million of Floating Rate Senior Notes due in 2010 with an interest rate of three-month LIBOR plus 15 basis points and \$250 million of 6.25% Senior Notes due in 2037. The 30-year Senior Notes essentially provide the Corporation with permanent capital at a time of historically low 30-year interest rates. At March 31, 2007, consolidated debt-to-consolidated EBITDA is 1.72 times based on a trailing 12-month EBITDA. Share repurchases during the quarter contributed \$0.02 per diluted share to first-quarter results.

“We expect to further increase leverage during the year in line with our target and to use the new available cash, coupled with expected free cash flow generated by our businesses, for additional share repurchases and/or implementing other activities to create shareholder value, which could include a wide range of business development opportunities. We currently have an outstanding Board authorization to purchase an additional 1.9 million shares. The Board will consider authorization for additional share repurchases as appropriate, and will review our dividend payout later in the year. As always, our objective continues to be to increase shareholder returns through the effective utilization of excess cash and the appropriate use of our balance sheet, while growing our business and its profitability.

-MORE-

---

## **2007 OUTLOOK**

“Based upon the strong first-quarter performance and other favorable developments, management continues to have a positive outlook for 2007. Aggregates product line pricing is expected to increase 10% to 11.5% for the year, reflecting continued supply constraints in many of our southeastern and southwestern market areas as well as the rapidly escalating replacement cost of strategically located mineral reserves. Demand for aggregates products is expected to be flat to down 2% with expectations of a softer construction market in the first half of 2007 mitigated by volume growth in the back half of 2007. Commercial and infrastructure construction is expected to increase in 2007, although not at the same rate as in 2006.

“The delays in infrastructure spending in North Carolina and South Carolina are expected to continue throughout 2007; however, we continue to believe that the environment remains positive for pricing improvements and, combined with our strict adherence to cost management, we expect to be able to more than offset these infrastructure issues and report increased earnings. We believe residential construction is likely to decline significantly in the first half of 2007 with the downturn beginning to moderate during the latter part of the year as same-on-same comparisons should become easier. Volume growth in other uses of aggregates products, including chemical grade stone used in controlling electric power plant emissions and railroad ballast, is expected to continue in 2007.

“Our Specialty Products segment, which includes magnesia chemicals, dolomitic lime and focused activity in structural composites, is expected to contribute \$33 million to \$36 million in pretax earnings in 2007 compared with \$22 million in 2006. We expect the magnesia chemicals business to continue to grow, and we expect demand for dolomitic lime from the steel industry to be flat or down slightly.

“We recently raised guidance for net earnings for the full-year 2007 to a range of \$6.10 to \$6.65 per diluted share. For the second quarter of 2007, net earnings are expected to range from \$1.85 to \$2.10 per diluted share. Both ranges include the impact of FIN 48.”

## **RISKS TO EARNINGS EXPECTATIONS**

The 2007 estimated earnings range includes management’s assessment of the likelihood of certain risk factors that will affect performance within the range. The level and timing of aggregates demand in the Corporation’s end-use markets and the management of production costs will affect profitability in the Aggregates business. Logistical issues in the Corporation’s long-haul network, particularly the availability of barges on the Mississippi River system and the availability of rail cars and locomotive power to move trains, affect the Corporation’s ability to efficiently transport material into certain markets (most notably Texas and the Gulf Coast region). Production cost in the Aggregates business is sensitive to energy prices, the costs of repair and supply parts and the start-up expenses for recently completed large-scale plant projects. The Specialty Products segment is sensitive to changes in natural gas prices and is dependent on the steel industry for a significant portion of its sales of dolomitic lime. Opportunities to reach the upper end of the earnings range include the moderation of energy prices, namely diesel fuel and natural gas; the easing of cost pressures on energy-related consumables (i.e., steel, rubber, lubricants); the ability to achieve mid-year price increases across a larger portion of the Corporation’s markets; and the aggregates product line demand exceeding expectations. Risks to the low end of the earnings range are primarily volume related and include a significant drop in demand as a result of a continued decline in residential construction, a pullback in commercial construction, delays in infrastructure projects, or some combination thereof. Further, increased highway construction funding pressures in North Carolina and South Carolina can affect profitability. The business is also subject to weather-related risks that can significantly affect production schedules and profitability. Current weather predictions are indicating an active 2007 hurricane season in the Atlantic Ocean. In 2006, 74% of the Corporation’s net sales were generated in the southern tier of the United States, and, accordingly, the Corporation is exposed to

-MORE-

---



significant disruption in profitability from hurricane activity. Risks to earnings outside of the range include a significant increase in volume beyond current expectations and/or a precipitous drop in demand as a result of economic events outside of the Corporation's control.

The key factor driving performance in the second quarter is likely to be volume in the aggregates product line. The second quarter 2007, to date, has experienced the effects of late winter storms across much of the United States. Further, residential construction continues to decline, and there have been delays in infrastructure projects in some markets. Until there is a sustained break in the current weather patterns, there is uncertainty surrounding the volume outlook for the quarter. Current volumes are expected to decline in the second quarter of 2007 compared with the prior year.

**CONSOLIDATED FINANCIAL HIGHLIGHTS**

Net sales for the first quarter were \$414.5 million, a 2% decrease compared with \$423.4 million recorded in the first quarter of 2006. Earnings from operations for the first quarter of 2007 were \$57.8 million compared with \$51.6 million in 2006. Net earnings were \$33.0 million, or \$0.73 per diluted share, versus 2006 first-quarter net earnings of \$31.0 million, or \$0.66 per diluted share.

**BUSINESS FINANCIAL HIGHLIGHTS**

Net sales for the Aggregates business for the first quarter were \$376.0 million, a 2% decline compared with 2006 first-quarter sales of \$382.0 million. Aggregates pricing at heritage locations was up 15.4% while volume decreased 14.6%. Inclusive of acquisitions and divestitures, aggregates pricing increased 15.3% and aggregates shipments decreased 14.8%. The business's earnings from operations for the quarter were \$60.3 million in 2007 versus \$50.8 million in the year-earlier period.

Specialty Products' first-quarter net sales of \$38.5 million decreased 7% versus prior-year net sales of \$41.4 million. Earnings from operations for the first quarter were \$7.4 million compared with \$6.9 million in the year-earlier period.

**ACCOUNTING CHANGES**

Effective January 1, 2007, the Corporation adopted Financial Interpretation No. 48, *Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No. 109* ("FIN 48"). The adoption of FIN 48 reduced retained earnings by \$1.4 million.

\*\*\*\*\*

**CONFERENCE CALL INFORMATION**

The Company will host an online Web simulcast of its first-quarter 2007 earnings conference call later today (May 8, 2007). The live broadcast of Martin Marietta Materials' conference call will begin at 2 p.m. Eastern Time today. An online replay will be available approximately two hours following the conclusion of the live broadcast. A link to these events will be available at the Company's Web site.

For those investors without online web access, the conference call may also be accessed by calling 913-981-5522, confirmation number 8802467.

For more information about Martin Marietta, refer to our Web site at [www.martinmarietta.com](http://www.martinmarietta.com).

Martin Marietta is the nation's second largest producer of construction aggregates, a leading producer of magnesia-based chemical products and dolomitic lime and also produces structural composites products.

-MORE-

---

*If you are interested in Martin Marietta Materials, Inc. stock, management recommends that, at a minimum, you read the Corporation's current annual report and Forms 10-K, 10-Q and 8-K reports to the SEC over the past year. The Corporation's recent proxy statement for the annual meeting of shareholders also contains important information. These and other materials that have been filed with the SEC are accessible through the Corporation's Web site at [www.martinmarietta.com](http://www.martinmarietta.com) and are also available at the SEC's Web site at [www.sec.gov](http://www.sec.gov). You may also write or call the Corporation's Corporate Secretary, who will provide copies of such reports.*

*Investors are cautioned that all statements in this press release that relate to the future involve risks and uncertainties, and are based on assumptions that the Corporation believes in good faith are reasonable but which may be materially different from actual results. Forward-looking statements give the investor our expectations or forecasts of future events. You can identify these statements by the fact that they do not relate only to historical or current facts. They may use words such as "anticipate," "expect," "should be," "believe," and other words of similar meaning in connection with future events or future operating or financial performance. Any or all of our forward-looking statements here and in other publications may turn out to be wrong.*

*Factors that the Corporation currently believes could cause actual results to differ materially from the forward-looking statements in this press release include, but are not limited to the level and timing of federal and state transportation funding, particularly in North Carolina, one of the Corporation's largest and most profitable states, and in South Carolina, the Corporation's 5<sup>th</sup> largest state as measured by 2006 Aggregates business' net sales; levels of construction spending in the markets the Corporation serves; the severity of a continued decline in the residential construction market and the impact, if any, on commercial construction; unfavorable weather conditions, including hurricane activity; the volatility of fuel costs, most notably diesel fuel, liquid asphalt and natural gas; continued increases in the cost of repair and supply parts; logistical issues and costs, notably barge availability on the Mississippi River system and the availability of railcars and locomotive power to move trains to supply the Corporation's Texas and Gulf Coast markets; continued strength in the steel industry markets served by the Corporation's dolomitic lime products; successful development and implementation of the structural composite technological process and commercialization of strategic products for specific market segments to generate earnings streams sufficient enough to support the recorded assets of the structural composites product line; and other risk factors listed from time to time found in the Corporation's filings with the Securities and Exchange Commission. Other factors besides those listed here may also adversely affect the Corporation, and may be material to the Corporation. The Corporation assumes no obligation to update any such forward-looking statements.*

-MORE-

---

**MARTIN MARIETTA MATERIALS, INC.**  
**Unaudited Statements of Earnings**  
(In millions, except per share amounts)

	Three Months Ended March 31,	
	2007	2006
Net sales	\$ 414.5	\$ 423.4
Freight and delivery revenues	47.7	59.5
Total revenues	<u>462.2</u>	<u>482.9</u>
Cost of sales	320.7	339.1
Freight and delivery costs	47.7	59.5
Cost of revenues	<u>368.4</u>	<u>398.6</u>
Gross profit	93.8	84.3
Selling, general and administrative expenses	38.3	36.2
Research and development	0.2	0.2
Other operating (income) and expenses, net	<u>(2.5)</u>	<u>(3.7)</u>
Earnings from operations	57.8	51.6
Interest expense	11.2	10.0
Other nonoperating (income) and expenses, net	<u>(2.7)</u>	<u>(2.1)</u>
Earnings before taxes on income	49.3	43.7
Income tax expense	<u>16.7</u>	<u>13.8</u>
Earnings from continuing operations	32.6	29.9
Discontinued operations:		
Gain on discontinued operations, net of related tax expense of \$0.2 and \$0.5, respectively	<u>0.4</u>	<u>1.1</u>
Net Earnings	<u>\$ 33.0</u>	<u>\$ 31.0</u>
Net earnings per share:		
Basic from continuing operations	\$ 0.73	\$ 0.66
Discontinued operations	<u>0.01</u>	<u>0.02</u>
	<u>\$ 0.74</u>	<u>\$ 0.68</u>
Diluted from continuing operations	\$ 0.72	\$ 0.64
Discontinued operations	<u>0.01</u>	<u>0.02</u>
	<u>\$ 0.73</u>	<u>\$ 0.66</u>
Dividends per share	<u>\$ 0.275</u>	<u>\$ 0.23</u>
Average number of shares outstanding:		
Basic	<u>44.5</u>	<u>45.8</u>
Diluted	<u>45.3</u>	<u>46.8</u>

-MORE-

**MARTIN MARIETTA MATERIALS, INC.**  
**Unaudited Financial Highlights**  
(In millions)

	Three Months Ended March 31,	
	2007	2006
<b>Net sales:</b>		
Aggregates Business:		
Mideast Group	\$ 117.2	\$ 117.3
Southeast Group	133.4	126.2
West Group	125.4	138.5
Total Aggregates Business	376.0	382.0
Specialty Products	38.5	41.4
Total	<u>\$ 414.5</u>	<u>\$ 423.4</u>
<b>Gross profit:</b>		
Aggregates Business:		
Mideast Group	\$ 44.3	\$ 36.2
Southeast Group	33.9	22.0
West Group	8.6	17.0
Total Aggregates Business	86.8	75.2
Specialty Products	10.2	9.6
Corporate	(3.2)	(0.5)
Total	<u>\$ 93.8</u>	<u>\$ 84.3</u>
<b>Selling, general, and administrative expenses:</b>		
Aggregates Business:		
Mideast Group	\$ 10.4	\$ 9.8
Southeast Group	7.4	6.8
West Group	11.4	11.7
Total Aggregates Business	29.2	28.3
Specialty Products	2.7	2.7
Corporate	6.4	5.2
Total	<u>\$ 38.3</u>	<u>\$ 36.2</u>
<b>Earnings from operations:</b>		
Aggregates Business:		
Mideast Group	\$ 34.7	\$ 29.2
Southeast Group	27.0	15.7
West Group	(1.4)	5.9
Total Aggregates Business	60.3	50.8
Specialty Products	7.4	6.9
Corporate	(9.9)	(6.1)
Total	<u>\$ 57.8</u>	<u>\$ 51.6</u>
Depreciation	\$ 34.4	\$ 30.7
Depletion	0.9	0.9
Amortization	0.7	1.1
	<u>\$ 36.0</u>	<u>\$ 32.7</u>

-MORE-

**MARTIN MARIETTA MATERIALS, INC.**  
**Balance Sheet Data**  
(In millions)

	<u>March 31,</u> <u>2007</u> <i>(Unaudited)</i>	<u>December 31,</u> <u>2006</u> <i>(Audited)</i>	<u>March 31,</u> <u>2006</u> <i>(Unaudited)</i>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 18.1	\$ 32.3	\$ 31.2
Accounts receivable, net	250.5	242.4	241.6
Inventories, net	281.5	256.3	241.4
Other current assets	71.1	61.3	70.7
Property, plant and equipment, net	1,314.6	1,295.5	1,205.5
Other noncurrent assets	38.2	37.1	56.6
Intangible assets, net	586.5	581.5	588.0
Total assets	<u>\$ 2,560.5</u>	<u>\$ 2,506.4</u>	<u>\$ 2,435.0</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Current maturities of long-term debt	\$ 378.2	\$ 126.0	\$ 0.6
Other current liabilities	249.5	189.1	214.9
Long-term debt (excluding current maturities)	578.7	579.3	705.9
Other noncurrent liabilities	353.0	358.0	326.6
Shareholders' equity	1,001.1	1,254.0	1,187.0
Total liabilities and shareholders' equity	<u>\$ 2,560.5</u>	<u>\$ 2,506.4</u>	<u>\$ 2,435.0</u>

-MORE-

**MARTIN MARIETTA MATERIALS, INC.**  
**Unaudited Statements of Cash Flows**  
(In millions)

	Three Months Ended March 31,	
	2007	2006
Net earnings	\$ 33.0	\$ 31.0
Adjustments to reconcile net earnings to cash provided by operating activities:		
Depreciation, depletion and amortization	36.0	32.7
Share-based compensation expense	3.9	2.2
Excess tax benefits from share-based compensation transactions	(11.8)	(7.2)
Gains on divestitures and sales of assets	(1.6)	(2.8)
Other items, net	(0.6)	(0.9)
Deferred income taxes	1.0	(2.4)
Changes in operating assets and liabilities, net of effects of acquisitions and divestitures:		
Accounts receivable, net	(8.1)	(16.6)
Inventories, net	(24.9)	(18.8)
Accounts payable	5.7	(0.1)
Other assets and liabilities, net	16.5	15.4
Net cash provided by operating activities	<u>49.1</u>	<u>32.5</u>
Investing activities:		
Additions to property, plant and equipment	(49.9)	(74.4)
Acquisitions, net	(12.0)	(2.8)
Proceeds from divestitures and sales of assets	3.0	18.3
Proceeds from sale of investments	—	25.0
Railcar construction advances	—	(17.6)
Net cash used for investing activities	<u>(58.9)</u>	<u>(51.5)</u>
Financing activities:		
Repayments of long-term debt and capital lease payments	(0.4)	(0.4)
Net borrowings on line of credit and commercial paper	252.5	0.1
Change in bank overdraft	1.3	4.0
Dividends paid	(12.5)	(10.6)
Repurchases of common stock	(266.1)	(40.0)
Issuances of common stock	9.0	13.2
Excess tax benefits from share-based compensation transactions	11.8	7.2
Net cash used for financing activities	<u>(4.4)</u>	<u>(26.5)</u>
Net decrease in cash and cash equivalents	(14.2)	(45.5)
Cash and cash equivalents, beginning of period	32.3	76.7
Cash and cash equivalents, end of period	<u>\$ 18.1</u>	<u>\$ 31.2</u>

-MORE-

**MARTIN MARIETTA MATERIALS, INC.**  
**Unaudited Operational Highlights**

	<b>Three Months Ended</b>	
	<b>March 31, 2007</b>	
	<u>Volume</u>	<u>Pricing</u>
<b>Volume/Pricing Variance</b> <sup>(1)</sup>		
Heritage Aggregates Product Line <sup>(2)</sup>		
Mideast Group	(18.5%)	22.7%
Southeast Group	(9.5%)	16.0%
West Group	(15.8%)	6.3%
Heritage Aggregates Operations	(14.6%)	15.4%
Aggregates Division <sup>(3)</sup>	(14.8%)	15.3%

	<b>Three Months Ended</b>	
	<b>March 31, 2007</b>	
	<u>2007</u>	<u>2006</u>
<b>Shipments (tons in thousands)</b>		
Heritage Aggregates Operations <sup>(2)</sup>	36,275	42,475
Acquisitions	4	—
Divestitures <sup>(4)</sup>	1	114
Aggregates Division <sup>(3)</sup>	<u>36,280</u>	<u>42,589</u>

(1) Volume/pricing variances reflect the percentage increase (decrease) from the comparable period in the prior year.

(2) Heritage Aggregates product line exclude acquisitions that have not been included in prior-year operations for a full year and divestitures.

(3) Aggregates product line includes all acquisitions from the date of acquisition and divestitures through the date of disposal.

(4) Divestitures include the tons related to divested operations up to the date of divestiture.

-MORE-

**MARTIN MARIETTA MATERIALS, INC.**  
**Non-GAAP Financial Measures**  
(In millions)

	Three Months Ended March 31,	
	2007	2006
Earnings Before Interest, Income Taxes, Depreciation, Depletion and Amortization (EBITDA) (1)	\$ 97.0	\$ 88.0

(1) EBITDA is a widely accepted financial indicator of a company's ability to service and/or incur indebtedness. EBITDA is not defined by generally accepted accounting principles and, as such, should not be construed as an alternative to net income or operating cash flow. For further information on EBITDA, refer to the Corporation's Web site at [www.martinmarietta.com](http://www.martinmarietta.com).

**A reconciliation of Net Cash Provided by Operating Activities to EBITDA is as follows:**

	Three Months Ended March 31,	
	2007	2006
Net cash provided by operating activities	\$ 49.1	\$ 32.5
Changes in operating assets and liabilities, net of effects of acquisitions and divestitures	10.8	20.1
Other items, net	9.1	11.1
Income tax expense	16.8	14.3
Interest expense	11.2	10.0
EBITDA	\$ 97.0	\$ 88.0

The ratio of Consolidated Debt-to-Consolidated EBITDA, as defined, for the trailing twelve months is a covenant under the Corporation's \$250,000,000 five-year revolving credit agreement. Under the agreement, the Corporation's ratio of consolidated debt-to-consolidated EBITDA, as defined, for the trailing twelve months can not exceed 2.75 to 1.00 as of the end of any fiscal quarter, with certain exceptions related to qualifying acquisitions, as defined.

**The following presents the calculation of Consolidated Debt-to-Consolidated EBITDA, as defined, for the trailing twelve months at March 31, 2007. For supporting calculations, refer to Corporation's Web site at [www.martinmarietta.com](http://www.martinmarietta.com).**

	Twelve-month period April 1, 2006 to March 31, 2007
Net earnings	\$ 247,566
Add back:	
Interest expense	41,583
Income tax expense	110,338
Depreciation, depletion and amortization expense	143,457
Stock-based compensation expense	15,092
Deduct:	
Interest income	(2,016)
Consolidated EBITDA, as defined	\$ 556,020
Consolidated Debt at March 31, 2007	\$ 956,915
Consolidated Debt-to-Consolidated EBITDA, as defined, at March 31, 2007 for the trailing twelve-month EBITDA	1.72

-END-



**Additional Information about Non-GAAP Financial Measures Available on the Corporation's Web Site**

From time to time management may publicly disclose certain "non-GAAP financial measures" in the course of our financial presentations, earnings releases, earnings conference calls, and otherwise. For these purposes, the SEC defines a "non-GAAP financial measure" as a numerical measure of historical or future financial performance, financial position, or cash flows that excludes amounts, or is subject to adjustments that effectively exclude amounts, included in the most directly comparable measure calculated and presented in accordance with GAAP in financial statements, and vice versa for measures that include amounts, or is subject to adjustments that effectively include amounts, that are excluded from the most directly comparable measure so calculated and presented. For these purposes, "GAAP" refers to generally accepted accounting principles in the United States.

Non-GAAP financial measures disclosed by management are provided as additional information to investors in order to provide them with an alternative method for assessing our financial condition and operating results. These measures are not in accordance with, or a substitute for, GAAP, and may be different from or inconsistent with non-GAAP financial measures used by other companies.

Pursuant to the requirements of Regulation G, whenever we refer to a non-GAAP financial measure, we will also generally present, on this Web site, the most directly comparable financial measure calculated and presented in accordance with GAAP, along with a reconciliation of the differences between the non-GAAP financial measure we reference with such comparable GAAP financial measure.

One such non-GAAP financial measure we may present from time to time is Earnings before Interest, Income Taxes, Depreciation, Depletion and Amortization ("EBITDA"). EBITDA is not a measure of financial performance under GAAP. Accordingly, it should not be considered as a substitute for net earnings (loss), operating earnings (loss), cash flow provided by operating activities or other income or cash flow data prepared in accordance with GAAP. However, the Corporation's management believes that EBITDA may provide additional information with respect to the Corporation's performance or ability to meet its future debt service, capital expenditures and working capital requirements. Because EBITDA excludes some, but not all, items that affect net earnings and may vary among companies, the EBITDA presented by Martin Marietta Materials may not be comparable to similarly titled measures of other companies. Martin Marietta Materials calculates EBITDA as:

Net earnings (loss) before interest expense, income tax expense (benefit) and depreciation, depletion and amortization expense. EBITDA is also before the cumulative effect of a change in accounting principle, if applicable.

The following tables present Martin Marietta Materials' reconciliations between net income and net cash provided by operating activities to EBITDA for the years 1994 to 2006, quarterly and year-to-date periods in 2006 and 2007 (see Web site for tables)

---

Another non-GAAP financial measure we may present from time to time is Consolidated Debt-to-Consolidated EBITDA for the trailing twelve month EBITDA. Consolidated Debt-to-Consolidated EBITDA is calculated as total long-term debt divided by Consolidated EBITDA, as defined, for the trailing twelve months. Consolidated EBITDA is generally defined as earnings before interest expense, income tax expense, and depreciation, depletion and amortization expense for continuing operations. Additionally, stock-based compensation expense is added back and interest income is deducted in the calculation of Consolidated EBITDA. Certain other nonrecurring items and noncash items, if they occur, can affect the calculation of Consolidated EBITDA.

The Corporation presents this ratio, as it is a covenant within the Corporation's \$250,000,000 five-year revolving credit agreement. Under the agreement, the Corporation's ratio of Consolidated Debt-to-Consolidated EBITDA, as defined, for the trailing twelve months can not exceed 2.75 to 1.00 as of the end of any fiscal quarter. The covenant has certain exceptions related to qualifying acquisitions, as defined. The following presents the calculation of Consolidated Debt-to-Consolidated EBITDA, as defined, for the trailing twelve months at March 31, 2007 (see Web site for tables)

Other non-GAAP measures we may present from time to time are gross margin excluding freight and delivery revenues and operating margin excluding freight and delivery revenues. The Corporation calculates gross margin excluding freight and delivery revenues as gross profit divided by net sales and operating margin excluding freight and delivery revenues as earnings from operations divided by net sales. The Corporation presents these ratios calculated based on net sales as opposed to total revenues, as it is consistent with the basis by which management reviews the Corporation's operating results. Further, management believes it is consistent with the basis by which investors analyze the Corporation's operating results given that freight and delivery revenues represent pass-through income and have no mark-up. Gross margin and operating margin calculated as percentages of total revenues represent the most directly comparable financial measures calculated in accordance with generally accepted accounting principles. The following tables calculate gross margin and operating margin in accordance with generally accepted accounting principles, reconcile total revenues to net sales and calculate gross margin excluding freight and delivery revenues and operating margin excluding freight and delivery revenues for the three months ended March 31, 2007 and 2006 (see Web site for tables)

An additional non-GAAP measure we have presented from time to time is debt-to-capitalization, net of available cash and investments. The Corporation calculates the ratio by using adjusted debt, as it believes using available cash and investments to hypothetically reduce outstanding debt provides a more appropriate evaluation of the Corporation's leverage to incur additional debt. The majority of the Corporation's debt is not redeemable prior to maturity. The following tables calculate the Corporation's debt-to-capitalization ratio at March 31, 2007 and March 31, 2006 using total debt and total capital per the balance sheet, reconciles total capital using adjusted debt to total capital per the balance sheet and calculates total debt-to-capitalization, net of available cash and investments (see Web site for tables)

Another non-GAAP financial measure we may present from time to time is Free Cash Flow. Martin Marietta Materials calculates Free Cash Flow as:

Net cash provided by operating activities less capital expenditures and dividends paid. Proceeds from divestitures of assets are then added to determine Free Cash Flow.

The following table reconciles net cash provided by operating activities to free cash flow for the years 2002 to 2006 (see Web site for table)

---

The following tables reconcile:

- Earnings per diluted share for the quarter and year ended December 31, 2006 to earnings per diluted share excluding writeoff of composite trailer business;
- Earnings per diluted share for the year ended December 31, 2005 to earnings per diluted share excluding favorable tax items and the pro forma effect of expensing stock options; and
- Earnings per diluted share to earnings per diluted share excluding discrete income tax events and land sale gains for the quarters ended September 30, 2006 and 2005. (see Web site for tables)